

Message Text

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71

ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 ARA-10 AID-05 CIAE-00 COME-00

EB-07 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04

OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 IO-11

DODE-00 PM-04 H-02 L-03 NSC-05 PA-02 PRS-01 SS-15

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R 131808Z JAN 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8055

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS LONDON 00557

DEPARTMENT PASS TREASURY

E.O. 11652: L/A

TAGS: EFIN, UK

SUBJECT: CHANCELLOR HEALEY REPORTS TO PARLIAMENT ON IMF
INTERIM COMMITTEE MEETINGS

1. SPEAKING TO PARLIAMENT ON MONDAY, JANUARY 12, CHANCELLOR HEALEY STATED THAT THE INTERIM COMMITTEE HAD FACED TWO MAJOR TASKS AT THE JAMAICA MEETINGS AND HAD SUCCESSFULLY ACCOMPLISHED BOTH. THE FIRST WAS TO "ROUND OFF THE LONG AND OFTEN CONTENTIOUS DEBATE OF THE LAST FEW YEARS ABOUT GOLD, EXCHANGE RATES ARRANGEMENTS AND OTHER MATTERS

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REQUIRING AMENDMENT OF THE IMF ARTICLES". THE SECOND WAS

TO "MAKE AN APPROPRIATE CONTRIBUTION FROM THE IMF TOWARDS ENCOURAGING AND SUSTAINING WORLD ECONOMIC RECOVERY DURING THE COMING YEAR." HEALEY CLASSIFIED THE AGREEMENTS REACHED AS "MORE MODEST BUT ALSO MORE REALISTIC" THAN THE KIND OF COMPREHENSIVE REFORM WHICH WAS AT ONE STAGE ENVISAGED. THE CHANCELLOR RULED OUT ANY PROSPECT OF AN EARLY RETURN TO FIXED EXCHANGE RATES, POINTING OUT THAT THIS WAS THE VIEW OF THE OVERWHELMING MAJORITY OF THE MEMBERS OF THE IMF. EIGHTY-FIVE PERCENT OF THE IMF'S MEMBERSHIP WOULD HAVE TO ALTER THEIR CURRENT VIEW BEFORE A REINTRODUCTION OF RIGIDITY TO THE EXCHANGE RATE SYSTEM.

2. HEALEY REJECTED THE CHARGE MADE BY THE LONDON TIMES THAT HE HAD ACCUSED THE DEVELOPING COUNTRIES OF BLACKMAILING THE INDUSTRIAL COUNTRIES WHILE AT THE SAME TIME, ACTING ON BEHALF OF BRITAIN AS A DEBTOR NATION, HAD HIMSELF ASSUMED THE ROLE OF BLACKMAILER. HE STATED THAT IN FACT, HE HAD PUT FORWARD "COMPROMISES WHICH IN THE END PROVED TO BE ACCEPTABLE TO THE GENERALITY OF THE COUNTRIES PRESENT".

3. HEALEY SAID THAT THE ECONOMIC SUCCESSES OF THE UK GOVERNMENT HAD WON FROM WORLD FINANCE MINISTERS, NOT MERELY APPROVAL, BUT ENVY. HEALEY REPORTED THAT THE FINANCE MINISTERS PRESENT AT THE JAMAICA MEETING EXPRESSED ENVY AT BRITAIN'S SUCCESS IN SIGNIFICANTLY REDUCING THE BALANCE OF PAYMENTS DEFICIT, THE "IMPRESSIVE SUCCESS" OF THE 6-POUND PAY LIMIT, AND THE ABILITY TO RIDE THROUGH THE WORLD RECESSION WITH LOWER LEVELS OF UNEMPLOYMENT THAN MOST OF HER COMPETITORS.

4. ABOVE BASED ON PRESS REPORTS; COMPLETE HANSARD TEXT NOT YET AVAILABLE.

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